

Atos UK 2019 Pension Scheme Chair's Statement 31 December 2023

Introduction

This is the Chair's Statement ('the Statement') for the Atos UK 2019 Pension Scheme ('the 2019 Scheme') covering the period 01 January 2023 to 31 December 2023.

As the Chair of Atos Pension Schemes Limited (the 'Trustee'), I provide the Statement to explain the steps taken to meet the required governance standards that apply to Defined Contribution ('DC') pension arrangements. The Statement covers the DC benefits and Additional Voluntary Contributions ('AVCs' - which are a type of DC benefit) which were held in the 2019 Scheme during the period ending 31 December 2023.

The law sets out the information which must be included in the Statement. Our governance of the 2019 Scheme is focused on how we can help members achieve a good outcome from their pension savings. Therefore, where we think it useful, we have provided more detail than is required.

Our Scheme Administrator can provide you with support on all benefit matters, and they can be contacted at:

Atos UK 2019 Pension Scheme

C/o Hymans Robertson LLP

Administration Team

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Glasgow, G2 9NE

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We will continue to communicate with you via Annual Benefit Statements and other correspondence as may become necessary throughout the year.

As part of discussions on the changes to the arrangements for DC benefits, Atos and the Trustee agreed to investigate the discharge of the accumulated funds previously built up in the SEMA Personal Money Fund and Sema Group Money Purchase Plan through a bulk transfer from the 2019 Scheme to the Atos DC Pension Scheme, which is part of the Aegon Master Trust (the 'Master Trust'). The Trustee, having taken external legal and investment advice and having compared the benefits and features of the Master Trust against the 2019 Scheme have agreed to the Company request to transfer legacy DC pots to the Master Trust, and this transfer is expected to complete during 2024. Any members with cash protection in Sema PMF or Sema MPP will however remain in the Scheme post this bulk transfer.

The last AVC policy held with Phoenix Life under the Scheme crystallised in 2022.

01.01 Establishment of the 2019 Scheme & initial merger

The 2019 Scheme was established by the first Definitive Deed dated 18 June 2019 in order to provide pensions and lump sum benefits on retirement and death for its members and to house benefits from several of Atos' legacy pension arrangements.

On 1 November 2019, the DC and AVC assets and liabilities from the Atos (SEMA) Pension Scheme, the Atos Pension Fund, and the Atos CS Pension Scheme (the 'Initial Legacy Schemes') were transferred into the 2019 Scheme.

Atos UK 2019 Pension Scheme

Chair's Statement

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continued

The benefits held in the 2019 Scheme are provided to members from 'Sections' which mirror the Initial Legacy Schemes. Table 1, shows which Sections have each type of benefit:

TABLE 1	SEMA PMF Section	APF MPP Section	CS Section
Defined Contribution (DC) benefits	✓	✓	-
Additional voluntary contributions (AVCs)	✓	-	✓

All of the benefits held in the 2019 Scheme are on behalf of 'deferred' members meaning there are no new contributions being paid.

Independent Governance Group Limited 'IGG' (formerly called ITS) has been appointed as the Chair of the Trustee since the 2019 Scheme's inception and the Statement is signed in my capacity as Director of IGG as the Chair of Atos Pension Schemes Limited.

Neither the 2019 Scheme, nor the Initial Legacy Schemes, have ever been used as qualifying arrangements to comply with the automatic enrolment requirements.

For a period between December 2020 until 19 July 2021, the 2019 Scheme held DC benefits moved into it from the Atos UK 2011 Pension Scheme ('2011 Scheme'). These were transferred out of the 2019 Scheme on 19 July 2021 and now reside in the Aegon Master Trust, and so any members seeking information on those benefits should contact that arrangement.

01.02 Queries

If you have any questions about anything within this Statement, or any suggestions about what can be improved, please contact the Secretary to the Trustee: Richard Harris, XPS Pensions Group, 11 Strand, London, WC2N 5HR, Richard.Harris@xpsgroup.com

02 Investment Options

Statement of Investment Principles (SIP)

A copy of the SIP, which sets out the objectives for the 2019 Scheme's investment strategy can be found on the

Trustee's website
https://atos2019scheme.co.uk/media/a0wdczlc/atos_uk_2019_pension_scheme_-_sip_-_october_2023.pdf

02.01 The investment options

The 2019 Scheme was not used for automatic enrolment purposes during the period covered by this Statement. None of the Sections had a "default arrangement" for the purposes of the relevant regulations during this period. However, the Statement does include commentary on the default investment options ('Default Funds') for all Sections that exist to aid member understanding and to ensure you are informed of these and the Trustee's governance of them in the reporting year. The default arrangements were last reviewed on 25 February 2020 and considered both performance and strategy. It was concluded that no changes were to be made at that time. A more recent review has not taken place given the Trustee's plan to move the DC assets held in the Scheme to the Aegon Master Trust in 2024. The Trustee has undertaken analysis to identify any members with a protected cash entitlement who would be financially worse off if included in the bulk transfer. It is therefore the intention that any members identified as having a cash protection in the Sema PMF or Sema MPP will remain in the Scheme and so an investment review of the funds available for the remaining population will be undertaken following completion of the transfer exercise.

An explanation of the DC categories and their investments

There are different categories of benefits within the different Sections. We have split these out in order that you can see which investment options are available within each.

The APF Money Purchase Plan ('APF MPP') which is part of the APF Section and the SEMA Personal Money Fund ('SEMA PMF') which is part of the SEMA Section:

Members can choose from a range of self-select fund options within the SEMA PMF and the APF MPP categories. All the funds are managed by the investment manager BlackRock, from within a platform provided by AEGON. Each of these categories has a default investment option (referred to in the Statement as the "Default Funds"). If members did not make an investment decision when joining, they were invested in these options (they can also select these options if they wish). The Default Funds are:

- > For the APF MPP: the 'Fund Select' uses the BlackRock 60/40 Global Equity Index Tracker in the growth phase, transitioning to the BlackRock DC Pre-Retirement Fund over a 5-year period from age 60 to 65 (Normal Retirement Date).
- > For the SEMA PMF: the 'Lifestyle Strategy' uses the BlackRock 70/30 Global Growth Fund in the growth phase, transitioning to a combination of the BlackRock DC Pre-Retirement Fund, BlackRock DC Index Linked Gilts Fund and BlackRock DC Cash Fund over either a 5-year ('Growth Lifestyle') or 10-year ('Stability Lifestyle') period prior to age 60 (Normal Retirement Date).

The SEMA Group Money Purchase Plan ('SEMA MPP') which is part of the SEMA Section:

The SEMA MPP was established by an interim Trust Deed and Rules dated 1 May 1988 and was subsequently governed by a Definitive Trust Deed and Rules dated 29 May 1996 (as amended). The members were contracted-out of the State Earnings Related Pension Scheme (State Additional Pension) until 31 August 1998, the effective date on which the certificate was surrendered following Sema Plc's (the SEMA MPP's Principal Employer) decision to cease contributions and commence the wind-up of the SEMA MPP. Contributions paid by members and Sema Plc were invested in the Merrill Lynch Balanced Portfolio Fund and provided benefits on a DC basis.

Benefit accrual ceased on 31 August 1998, at which point active members were given the opportunity to join the Sema Group Pension Scheme ('the Sema Scheme') for future accrual. The Sema Scheme would subsequently change its name to the Sema Group Pension Scheme, the Atos Origin (Sema) Pension and then finally the Atos (Sema) Pension Scheme prior to being wound up in 2020 following the bulk transfer of assets and liabilities to the 2019 Scheme.

Investment Options

continued

Active members of the SEMA MPP were given the opportunity to exchange their accrued DC benefits for a defined benefit ('DB') pension within the Sema Scheme. Where an active member did not respond to the offer or did not wish to accept it, their accrued DC benefits were transferred to the Sema Scheme where they continued to be administered on a DC basis.

The offer of a DB pension benefit was not extended to deferred members. These members could either transfer to an alternative arrangement of their choice or retain a DC benefit in the Sema Scheme.

On completion of the transfer the DC funds accumulated by SEMA MPP members were invested with the Sema Scheme's DB assets in accordance with the Trustee's investment strategy. Members receive a return on their accumulated funds by reference to a notional unit price which is updated on a monthly basis and replicates the performance of the BlackRock Balanced Growth Portfolio Fund. At retirement, members are able to access an internal conversion facility, and there is also an option to take some or all of their benefits as a lump sum. Members wishing to access the full range of DC freedoms and flexibilities introduced in 2015 need to transfer their DC funds to an alternative arrangement that provides them.

The administration costs of the 2019 Scheme are met by Atos. Members receive an annual statement confirming the value of their DC funds together with a projection of potential benefits at retirement.

An explanation of the AVC categories and their investments

Members have a range of investment fund options, which vary dependent on the category they are in. Table 2 shows which investment providers are available for each.

TABLE 2	SEMA PMF Section	APF MPP Section	CS Section
Utmost Life & Pensions	✓	-	✓
Standard Life	✓	-	✓
Main Fund*	✓	-	-

* Members of the SEMA Section may hold AVCs within the 'Main Fund' option, under which their AVC contributions are invested within the SEMA Final Salary Section assets. The fund holdings and values are determined by the Scheme Administrator based on a notional unit price calculated monthly.

We now move on to explain investment performance and provide details of the charges and costs met by members under each of these Sections and categories.

03.01 Investment Performance

Trustees must report on the net investment returns for the default arrangement(s) and for each fund which scheme members are, or have been able to, select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in the Statement is intended to help members understand how their investments are performing.

The Trustee confirms that, in completing this section of the Statement, it has had regard to statutory guidance issued by the Department for Work and Pensions. The Trustee also confirms that the relevant parts of this section will be published on the 2019 Scheme's website and notified to members in their Annual Benefit Statements.

03.02 Fund Performance

This table shows how the Default Funds have performed for members at three different ages, over the last one, three and five years with a target retirement date of 65 (aside from the SEMA PMF which is 60).

All figures are as at 31 December, annualised for the 3 years and 5 years.

APF MPP	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Aegon BlackRock 60/40 Global Equity Index Tracker	%	%	%
Age 25 at start of period	8.46	8.18	10.79
Age 45 at start of period	8.46	8.18	10.79
Age 55 at start of period	8.46	8.18	10.79
SEMA PMF (Growth Lifestyle option)	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Aegon BlackRock 70/30 Global Growth	%	%	%
Age 25 at start of period	10.09	7.46	13.98
Age 45 at start of period	10.09	7.46	13.98
Age 55 at start of period*	4.00	2.98	12.97

*Assumes the median lifestyle matrix proportion between start and end period applies over the whole period

Net Returns

continued

SEMA PMF (Stability Lifestyle option)	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Aegon BlackRock 70/30 Global Growth	%	%	%
Age 25 at start of period	10.09	7.46	13.98
Age 45 at start of period	10.09	7.46	13.98
Age 55 at start of period*	0.95	-2.25	8.41

*Assumes the median lifestyle matrix proportion between start and end period applies over the whole period Source: Aegon/ XPS Pensions. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest. The level of charges and transaction costs paid by members on the Default Funds may vary throughout a member's lifetime as a result of the changing investment mix.

SEMA MPP

SEMA MPP members receive a return on their accumulated DC funds by reference to a notional unit price based on the "BlackRock Balanced Growth Portfolio Fund" which is updated on a monthly basis. Returns on this fund have been (all annualised to 31 March 2024, net of costs) over 1 year 10.85%, over 3 years 3.80%, over 5 years 7.09%. The Trustees requested returns for the period to 31 December 2023 but these were not available and will continue to seek these and include these in future reports if available at that time.

03.03 Self-Select Funds

As self-select funds are constant profiles and unlike the Default Funds do not lifestyle funds in line with age or time to retirement, they can be shown as a single value for each fund. Fund performance has been shown for 5 years, 3 years and the last Scheme Year. All figures are as at 31 December (unless otherwise stated), annualised for the 3 years and 5 years.

APF MPP	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Self-Select Funds	%	%	%
Aegon BlackRock 60/40 Global Equity Index Tracker	8.46	8.18	10.79
Aegon BlackRock 60/40 Global Growth	10.54	7.41	14.26
Aegon BlackRock 70/30 Global Growth	10.09	7.46	13.98
Aegon BlackRock Cash	1.28	1.85	4.53
Aegon BlackRock Pre-Retirement	-2.14	-9.42	6.44
Aegon BlackRock UK Equity Index Tracker	6.64	8.65	8.17
Aegon BlackRock UK Growth	8.57	7.58	13.18
Aegon BlackRock World (ex-UK) Equity Index	13.13	9.56	18.43

Net Returns

continued

SEMA PMF	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Self-Select Funds	%	%	%
Aegon BlackRock 30/70 Currency Hedged Global Equity Index	10.02	7.28	16.62
Aegon BlackRock 50/50 Global Growth	11.11	7.54	14.73
Aegon BlackRock 60/40 Global Equity Index Tracker	8.46	8.18	10.79
Aegon BlackRock 70/30 Global Growth	10.09	7.46	13.98
Aegon BlackRock Cash	1.28	1.85	4.53
Aegon BlackRock Index-Linked Gilt	-4.95	-13.52	0.66
Aegon BlackRock Pre-Retirement	-2.14	-9.42	6.44
Aegon BlackRock UK Equity Index Tracker	6.62	8.63	8.15
Aegon BlackRock UK Growth	8.68	7.68	13.29
Aegon BlackRock World (ex-UK) Equity Index	13.13	9.56	18.43

Source: Aegon & BlackRock. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

Net Returns

continued

03.04 AVC Funds

Provider	Fund Name	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Utmost Life & Pension	JPM Multi-Asset Cautious (QRAV)	-	-1.29	4.21
	JPM Multi-Asset Moderate (QRAV)	-	2.41	8.95
	JPM Multi-Asset Growth (QRAV)	-	4.18	10.94
	Money Market (EU41)	1.24	2.07	4.76
	Managed	5.15	4.83	8.13
	Global Equity	10.62	10.97	18.87
	Clerical Medical With Profits Investment	Information requested*		
Standard Life	Managed Pension	5.04	2.50	6.50
	SL Stock Exchange Pension	7.19	5.31	8.60
	Pension Millennium With Profits*	4.83	5.55	9.40
	Pension With Profits*	1.66	-0.47	6.90
	At retirement (Multi-Asset unit)	2.58	1.28	7.60
	Multi Asset Mgd (20-60% Shares) Pn	3.10	0.50	5.10
	Asia Pacific Ex Japan Equity Pension	4.19	-3.63	0.60
	Far East Equity Pension Fund	5.45	0.40	9.80
	Ftse Tracker Pension Fund	4.95	6.62	7.30
	Global Equity 50:50 Tracker Pension	8.13	8.83	15.70

Source: Utmost Life, Standard Life. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

Utmost Life fund returns as at 31 March 2024 (except Managed and Global Equity which are to 31 December 2023 - calculations by XPS from Utmost data). Figures at 31 December 2023 have been requested from Utmost Life and will be included in subsequent Chair Statements when available.

Standard Life as at 31 March 2024 (except Multi Asset Mgd (20-60% Shares) Pn which is to 31 December 2023) - calculations by XPS from Standard Life data. Figures at 31 December 2023 have been requested from Standard Life and will be included in subsequent Chair Statements when available.

*Returns based on underlying asset mix by Standard Life

04 Charges and transaction costs

APF MPP and SEMA PMF members may self-select their investment strategy, investing in any available funds in whatever proportions they choose, or in the Default Funds. The ranges differ between the two categories.

04.01 Member Charges

We consider here the only charges and costs met by members:

- > The Total Expense Ratio (TER) is a measure of the total costs associated with the management and operation of a fund. These costs consist primarily of annual management fees and additional expenses such as legal fees, auditor fees and operational expenses.
- > Transaction costs are costs associated with the buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs may be incurred when monies are invested, on switching between funds and when selling investments to take benefits. The following table indicates transaction costs incurred by each of the funds available for investment over assessment periods monitored by the investment manager.

The relevant parts of this section will be published on the 2019 Scheme's website and notified to members in their Annual Benefit Statement. All figures are as at 31 December 2023 unless otherwise specified.

The Trustee has had regard to the statutory guidance in preparing this section of the statement. No information is missing.

Charges and transaction costs

continued

DC benefits in the APF MPP and SEMA PMF

Funds in bold are part of the Default Funds:

TABLE 3	Share Class	Fund offered by:			
Fund Name		APF MPP	SEMA PMF	TER (% p.a.)	Transaction costs %
AEGON BlackRock 30/70 Currency Hedged Global Equity Index	J	-	✓	0.18	0.0419
AEGON BlackRock 50/50 Global Growth	J	-	✓	0.35	0.2255
AEGON BlackRock 60/40 Global Growth	J	✓	-	0.35	0.2278
AEGON BlackRock 70/30 Global Growth (2)	J	✓	✓	0.35	0.2290
AEGON BlackRock Cash (2)	J	✓	✓	0.18	0.0151
AEGON BlackRock Index-Linked Gilt (2)	J	-	✓	0.10	0.0503
AEGON BlackRock Pre-Retirement (1), (2)	J	✓	✓	0.15	0.0819
AEGON BlackRock UK Equity Index Tracker	H	✓	-	0.14	0.0423
AEGON BlackRock UK Equity Index Tracker	J	-	✓	0.16	0.0423
AEGON BlackRock UK Growth	H	✓	-	0.45	0.2243
AEGON BlackRock UK Growth	J	-	✓	0.35	0.2243
AEGON BlackRock World (ex-UK) Equity Index	J	✓	✓	0.16	0.0099
AEGON BlackRock 60/40 Global Equity Index Tracker (1)	H	✓	-	0.16	0.0509
AEGON BlackRock 60/40 Global Equity Index Tracker	J	-	✓	0.16	0.0509

(Source: AEGON & BlackRock) (1) Part of the APF MPP, Fund Select default option / (2) Part of the SEMA PMF, Lifestyle Strategy (5 year 'Growth' and 10 year 'Stability') options

Charges and transaction costs

continued

The SEMA MPP

SEMA MPP members receive a return on their accumulated DC funds by reference to a notional unit price based on the "BlackRock Balanced Growth Portfolio Fund" which is updated on a monthly basis. Fund charges are included in the unit price and as at March 2024 (the closest date of available information) the annual fund charge was 1.57%. The Trustees requested data at 31 December 2023 and was not available. The Trustees continue to request this and will disclose this if available in future statements.

The AVC Fund range

We include here details of the AVC categories, and the costs met by members.

Fund offered by					
Fund Name	APF	SEMA	CS	TER (% p.a.)	Transaction costs %
JPM Multi-Asset Cautious (QRAV)	-	✓	✓	0.75	0.2609
JPM Multi-Asset Moderate (QRAV)	-	✓	✓	0.75	0.2195
JPM Multi-Asset Growth (QRAV)	-	✓	✓	0.75	0.1778
Money Market (EU41)	-	✓	✓	0.5	0.0130
SL Managed Pension	-	✓	✓	1.02	0.0200
SL Stock Exchange Pension	-	✓	✓	1.03	0.0200
Millennium With Profits	-	✓	✓	See below	See below
Pension With Profits	✓	✓	✓	See below	See below
Utmost Managed	-	✓	✓	0.75	0.1128
Utmost Global Equity	-	✓	✓	0.75	0.0755
Clerical Medical with profits investment	Information requested*				
SL At Retirement (Multi Asset Unit)	-	✓	✓	1.00	*
SL Multi Asset Mgd (20-60% Shares) Pn	-	✓	✓	0.63	*
SL Asia Pacific Ex Japan Equity Pension	-	✓	✓	1.12	*
SL Far East Equity Pension Fund	-	✓	✓	1.08	*
SL Ftse Tracker Pension Fund	-	✓	✓	1.00	*
SL Global Equity 50:50 Tracker Pension	-	✓	✓	1.00	*

*Data not provided. Trustees will continue to seek this data from the provider and will report in future Statements when available.

Charges and transaction costs

continued

Standard Life

With-Profits Investment

For the With-Profits Fund, Standard Life make deductions at a rate of 1% per annum for the Annual Management Charge, plus an additional deduction for the cost of providing the guarantees under the With Profits contracts.

TABLE 5

Fund Name	Total Expense Ratio	Transaction costs*
Pension With Profits Fund	1.75%	Not available
Millennium With Profits Fund	1.15%	Not available

(Source: Standard Life)

*XPS requested Transaction costs from Standard Life on behalf of the Trustee, but these were not provided. XPS will continue to request these on the Trustee behalf and provide these when supplied.

The Main Scheme AVC option

AVCs are invested in the Main Fund of the SEMA Final Salary Section within the 2019 Scheme. Members receive a return on their DC benefits based upon the returns achieved by the Main Fund investments. The fund holdings and values are determined by the Scheme Administrator, on advice from the Scheme Actuary who calculates a notional unit price based on the assets of the Main Fund each month. The calculation of these returns is complex, and, implicitly within these are included any costs met within the funds in which the Main Fund invests. Determining the costs met by members in this category is therefore complex and the Trustee continues to consider how this should be meaningfully determined and represented in future Statements. Given the enhanced options available via the Aegon Mastertrust, Atos has proposed that the Main Scheme AVC members be included in the bulk transfer process. The Trustee has requested initial investment and legal advice on this group for consideration.

04.02 An illustration of the charges levied on members

APF MPP

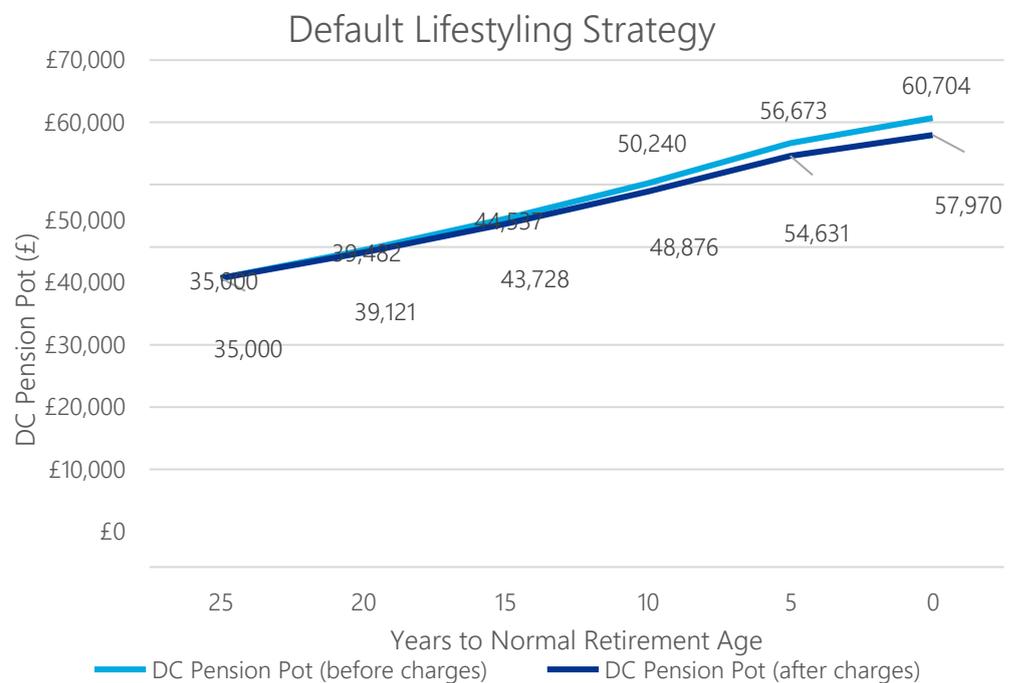
Below you can find an illustration of the effect of the costs met by members on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ over time as will individual members' pension pot sizes. This illustration is based on:

- > The 'Fund Select' option – which was the historic default investment option of the APF MPP (and hence where many members' pension pots were held) with assets transitioning from the growth to consolidation phase over a 5-year period;
- > An initial pension pot of £35,000;
- > No further contributions being made throughout the period;

Charges and transaction costs

continued

- > Investment Returns are estimated as 5.00% p.a. for the BlackRock 60/40 Global Equity Index Tracker (in which all monies are invested until 5 years from Normal Retirement Date - 'NRD') and this is gradually moved into the BlackRock DC Pre-Retirement Fund which has an estimated return of 3.00% p.a.;
- > Inflation of 2.5% p.a.



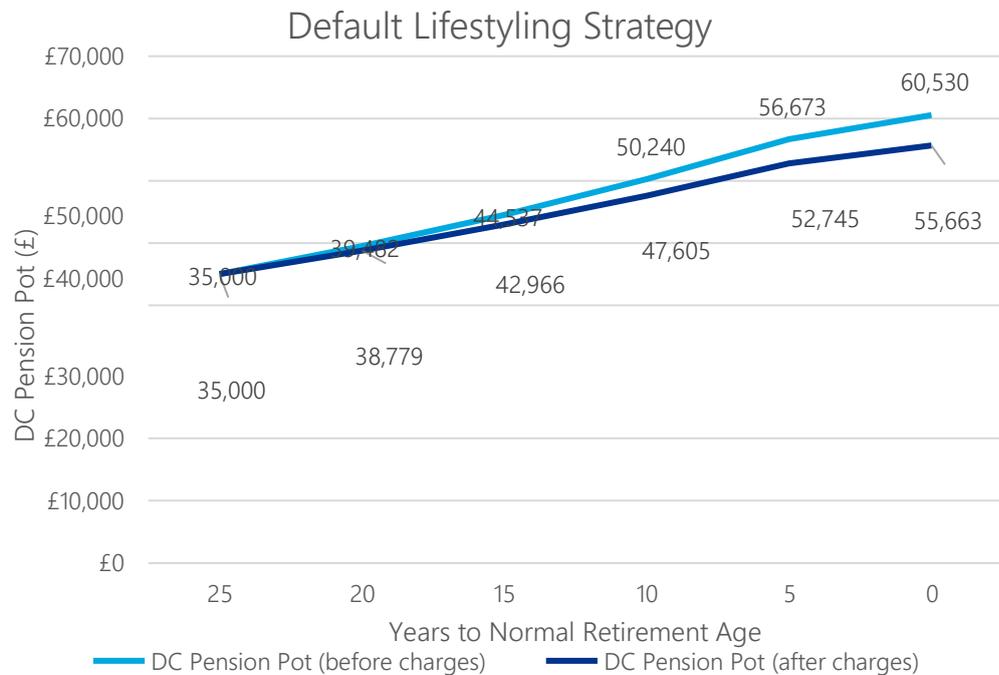
Illustrations for all of the Funds available to members in the APF MPP and AVC Plan categories are shown in the appendices of this Statement in table format.

SEMA PMF

Below you can find an illustration of the effect of the costs met by members on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ over time as will individual members' pension pot sizes. This illustration is based on:

- > The 'Growth Lifestyle' – which was the historic default investment option of the SEMA PMF (and hence where many members' pension pots were held) with assets transitioning from the growth to consolidation phase over a 5-year period;
- > An initial pension pot of £35,000;
- > No further contributions being made throughout the period;
- > Investment Returns (after inflation) are estimated as 5.00% p.a. for the BlackRock DC 70/30 Global Growth Fund (in which all monies are invested until 5 years from Normal Retirement Date - 'NRD') and this is moved by 20% each year until NRD into the BlackRock DC Pre-Retirement Fund (estimated return of 3.00% p.a. after inflation), Blackrock DC Index Linked Gilts (estimated return of 5.00% p.a. after inflation) and Blackrock DC Cash Fund (estimated return of 1.00% p.a. after inflation);
- > Inflation of 2.5% p.a.

Charges and transaction costs continued



Illustrations for the highest and lowest charging funds available to members in the SEMA PMF/APF MPP are shown in the appendices of this Statement in table format.

04.03 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to statutory guidance in preparing this section of the statement, including:

- > The Department for Work and Pensions' 'Reporting of costs, charges, and other information: guidance for trustees and managers of occupational schemes' – effective from 21 October 2022;
- > Actuarial Standards Technical Memorandum 1 (AS TM1) issued by the Financial Reporting Council;
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20; and
- > The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018)

04.04 Asset allocation disclosure requirements

The new 2023 regulations require trustees of relevant occupational pension schemes with a scheme year end of 1 October 2023 onwards to disclose and explain the percentage of assets allocated in the default arrangement(s) to specified asset classes.

The regulator believes that publication of asset allocation data will be an important step towards transparency, standardisation and comparability across the pensions market and that it is important that members have access to all relevant information surrounding the

investments being made using their savings and the outcomes these investments could have on their future retirement. The Trustee has taken regard to statutory guidance in preparing this section of the statement.

04.05 Asset allocation

XPS has received a report on how the Scheme's default investment strategies are invested in light of these new regulations assuming retirement age of 60 for SEMA and 65 for APF, and have provided a breakdown of the default strategy's asset allocation as at 31 December 2023.

SEMA PMF (Growth Lifestyle*)	Percentage allocation: Age 25	Percentage allocation: Age 45	Percentage allocation: Age 55	Percentage allocation: Day before SPA
Cash	0.00%	0.00%	0.00%	30.00%
Bonds	0.00%	0.00%	0.00%	69.60%
<i>Corporate bonds</i>	0.00%	0.00%	0.00%	10.50%
<i>Govt bonds</i>	0.00%	0.00%	0.00%	59.10%
<i>Other bonds</i>	0.00%	0.00%	0.00%	0.00%
Listed equities	100.00%	100.00%	100.00%	0.00%
Private equity	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Private debt	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.40%

APF MPP	Percentage allocation: Age 25	Percentage allocation: Age 45	Percentage allocation: Age 55	Percentage allocation: Day before SPA
Cash	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	99.00%
<i>Corporate bonds</i>	0.00%	0.00%	0.00%	30.00%
<i>Govt bonds</i>	0.00%	0.00%	0.00%	69.00%
<i>Other bonds</i>	0.00%	0.00%	0.00%	0.00%
Listed equities	100.00%	100.00%	100.00%	0.00%
Private equity	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Private debt	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	1.00%

*Sema Stability has been requested from Aegon and will be included in future reports as received.

Core financial transactions

04.01 Assessing Core Transactions

I welcome this opportunity to explain what the Trustee does to help ensure the 2019 Scheme is run as effectively as it can be. The Trustee is committed to having high governance standards. To assist in providing the necessary level of focus on DC benefits the Trustee operates a sub-committee structure which meets regularly to monitor the controls and processes in place in connection with the 2019 Scheme's administration.

The Trustee regularly reviews the organisations that provide services to the Scheme to ensure they remain suitable and provide a good service and value for money. After due consideration and in consultation with Atos, the Trustee decided to appoint a new Scheme Administrator, Hymans Robertson LLP ('Hymans') from 31 January 2022. The Trustee has subsequently sought to comply with the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 by:

> having an agreement in place with Hymans covering, amongst other matters, the accuracy and timeliness of all core financial transactions. The Service Level Agreement (SLA), which sets the maximum timescales for the administrator to complete certain tasks, broadly covers:

- data, including its maintenance;
- calculations and statements, which includes timescales for calculations to be made and provided to members and timescales for payments (and Hymans has clear calculation processes in place whereby work is reviewed and checked at several stages of production to ensure accuracy);
- processing of all DC benefits including AVCs (and Hymans has clear processes in place for these calculations including at retirement, transfers, and investment switching, that are reviewed as part of regular Audit and Assurance Faculty ('AAF') audits); and
- accounts and Treasury services, which includes the accounting of financial transactions and timescales for these transactions to be made.

The core financial transactions include:

- > the transfer of assets relating to members transferring into and out of the 2019 Scheme;
- > the transfer of assets relating to members moving between different investments; and
- > payments from the 2019 Scheme to, or in respect of, members/beneficiaries.

All payments out of the 2019 Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the 2019 Scheme rules and legislation and also complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

Core financial transactions

continued

The process adopted by Hymans includes workflow checklists for all financial transactions, daily monitoring of bank accounts and checking of all investment and banking transactions by at least two people. Each step is signed off by appropriate members of the team and an audit trail is retained as evidence of the authorisation of financial transactions.

As referenced above, from 1 February 2022 Hymans began to carry out the day-to-day administration of Scheme benefits. Whilst both Hymans and the previous administrator XPS Administration worked hard to achieve a smooth transition, we are aware that there was some disruption to the services provided to members during the period - which in some areas remains ongoing.

To enable additional administration resource to be allocated to the Scheme, the Trustee and Hymans agreed to move the administration services from Hymans's Birmingham office to its team based in central London, this was completed in 2023. The Trustee will continue to work closely with Hymans to ensure that service levels will be maintained at the level that members, Atos, the Trustee and Hymans expect.

At present, access to online member services is only available to DB-only members. The nature of the preparatory work that Hymans needs to complete for the online services is different for those members who have accumulated DC pension.

This means that the implementation of online services for DB-only members was made available before it also becomes available to those members who have DC benefits. Based on our latest discussions with Hymans, the Trustee expects that online services will be made available for members with DC benefits in 2024.

Although the roll out of the online services has been delayed, Scheme members with DC benefits can still request a current valuation of their funds by contacting Hymans. Similarly, any DC members considering changes to their investment selections can request a switch form from Hymans.

The Trustee has received a report on internal controls prepared by Hymans (in its capacity as the 2019 Scheme's Administrator, during the reporting period) for the year to 31 January 2023. Whilst the Trustee is satisfied that the vast majority of the 2019 Scheme's core financial transactions were processed promptly and accurately during the reporting period, the transition of services from XPS to Hymans has not gone as smoothly as the Trustee expected and at times the level of service provided to members has fallen below the level that the Trustee, Atos and Hymans expects. The Trustee will regularly review the administration reporting provided and will continue to report on Hymans' performance in next year's Chair's Statement. In the meantime, the Trustee is working closely with Hymans to resolve any outstanding issues with the administration service.

05.01 Assessment of Value

The Trustee is required to consider the extent to which the services for which the members pay, provide good value for members.

The Trustee has therefore worked with its advisers to carry out a value for members assessment in June 2024 to determine whether the charges and transaction costs paid by members in return for particular services during the relevant period represented good value for money, considering the quality of the services provided and net returns for members on their investments. For context, the Trustee has also considered the services provided to members by the 2019 Scheme more broadly, even if not paid for by the members directly.

The Trustee has concluded that overall, the charges and transaction costs set out in this Statement represent good value for members, as was the case in the previous scheme year

However, there continue to be challenges faced related to the administration and member engagement of the Scheme. Although members do not meet the costs of these services, they will have an effect on member services overall and are therefore noted in the summary below.

Costs, charges and net returns

- > The costs and charges levied (as set out in the Statement) are broadly in-line with arrangements and funds of this type. Transaction costs are broadly in-line with previous years, and expectations for funds of this type.
- > Net investment returns are broadly in-line with benchmarks and expectations for funds of this type.
- > The Trustee continues to recognise that for the AVC investment options, these are generally in older style AVC type investments, including With-Profits and historic unitised funds. Therefore, in some cases, although of a reasonable value to members, the charges or options within these older style investments may not be as beneficial to members as newer DC options. As with the previous year, charges on these funds have been broadly in-line with expectations of funds of these types, as have net investment returns and/or bonuses delivered. When the Trustee's planned review of these investments is complete, it will report its findings in a future Chair Statement
- > Atos IT Services UK Limited (the 2019 Scheme's Principal Employer) pays the expenses of running the 2019 Scheme over and above the charges noted as met by members in the Statement, which is of benefit to the members.

Value for Members

continued

Wider benefits

- > Most benefit categories give members various options and asset types in which to invest (noting that within the AVC categories this is sometimes limited in some sections, and the same within the SEMA MPP);
- > The broad range of benefit options available to members of the APF MPP and SEMA PMF, including cash options and annuities, are typical of an arrangement of this type.

Administration and member engagement

- > Administration performance has not been in-line with the Trustee's expectations, and some members have faced delays. The Trustee is aware of this and is actively engaging with the Administrator to rectify these matters.
- > Due to the administration challenges, engagement with some members has been delayed versus the Trustee's target timelines. Again, the Trustee is aware of this, and is pro-actively working with the Administrator to rectify this as soon as possible.

Governance

- > IGG, as independent professional trustee provider to the Scheme, has ensured that the necessary governance of the Scheme has been delivered over the year.

As mentioned earlier in this Statement, as part of discussions on the changes to the arrangements for DC benefits, Atos and the Trustee agreed to investigate the discharge of the accumulated funds previously built up in the SEMA Personal Money Fund and Sema Group Money Purchase Plan through a bulk transfer from the 2019 Scheme to the Atos DC Pension Scheme, which is part of the Aegon Master Trust (the 'Master Trust'). The Trustee, having taken external legal and investment advice and having compared the benefits and features of the Master Trust against the 2019 Scheme have agreed to the Company request to transfer legacy DC pots to the Master Trust, and this transfer is expected to complete during 2024. Any members with cash protection in Sema PMF or Sema MPP will however remain in the Scheme post this bulk transfer. Therefore, action has been in the past year (and will also be undertaken in this year) to improve overall member value for their DC and AVC benefits.

Assessment of value for members is an ongoing process and the Trustee has taken professional advice in reaching these conclusions and will continue to undertake a review each year to ensure the 2019 Scheme continues to offer value, and that any changes in legislation, market conditions or member views will be reflected.

06 Trustee knowledge and understanding

06.01 Knowledge and understanding of the Trustee

The Trustee Directors' relevant knowledge and understanding has been considered by the Trustee and I have concluded that they have complied with the knowledge and understanding requirements in section 248 of the Pensions Act 2004.

The Trustee benefits from the knowledge provided by its professional Trustee Director, IGG. IGG operates an extensive training programme for all staff including directors, which includes a mandatory induction and on-going computer-based programme of training on, for example, information security, data protection, financial crime, bribery & corruption and treating customers fairly. Refresher training is done on an annual basis, and all are required to pass a test to check knowledge and understanding. This is complemented by a structured programme that is centrally organised by the Operations Director with a view to identifying any knowledge gaps relating to specific and topical issues in which the training is provided both by internal and external speakers. Finally, the Trustee Directors are all Accredited Members of the Association of Professional Pension Trustees and as such complete the Association's Continuing Professional Development requirements.

The Trustee has access to a 2019 Scheme library of key governance documents (hosted on the Trustee's online platform). The documents that can be accessed by the Trustee Directors include the Rules of all schemes (current and legacy) that fall within the Trusteeship of Atos Pension Schemes Limited and amending deeds for those arrangements, annual Trustee Reports and Accounts (including previous Chair's Statements in relation to defined contribution governance), key investment and funding documents (e.g. Statement of Investment Principles, and Payment Schedules), member communications, and copies of Trustee policy documents. The Trustee Directors refer to these documents on a regular basis to inform discussions at trustee board meetings, aid their decision-making and ensure efficient and effective scheme management. They are, therefore, fully conversant with, and have a working knowledge of, these documents. Advice is also obtained by the Trustee Directors from the Trustee's professional advisers as and when required on the content of these documents.

In addition to the above, the Trustee takes its own steps to ensure that those exercising Trustee functions at scheme level (in particular the Trustee Directors) can also demonstrate that they satisfy the knowledge and understanding requirements under section 248 of the Pensions Act 2004. The Trustee has a working knowledge of the trust deed and rules, a working knowledge of the current SIP, a working knowledge of all documents setting out the trustees' current policies, sufficient knowledge and understanding of the law relating to pensions and trusts, sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes and a combined knowledge and understanding that enables the Trustee to properly exercise its Trustee governance functions. The Trustee Directors have also all completed the Pension Regulator's Trustee Toolkit and specific training is given by the Trustee's professional advisers as and when required by the Trustee in response to ongoing projects or material changes in the legal, regulatory, or actuarial landscape.

During the course of the year the Trustee has not received specific additional external training on DC related topics. However, the Trustee has continued to receive regular updates on DC matters from its advisers and through its own resources as a professional Trustee to ensure that it maintains sufficient knowledge and understanding of the law relating to pensions and trusts. The Trustee therefore considers that the level of training

that is provided by the Trustee itself is appropriate to the 2019 Scheme, having regard to the separate training provided by IGG to the Trustee Directors and the other IGG representatives involved in the management of the 2019 Scheme, the ongoing advice provided by the Trustee's professional advisers and the knowledge and experience that has been acquired by the Trustee directors over many years.

Trustee knowledge and understanding continued

The Trustee also evaluates the performance and effectiveness of the Trustee Directors and its advisors against the objectives of the 2019 Scheme's business plan on an annual basis, via IGGs internal review and self-evaluation processes.

The Trustee additionally published a TCFD (Task Force on Climate-related Financial Disclosures) report in 2023 and has undertaken extensive training and consideration of this in the year. This has included improving knowledge and understanding in relation to the identification, assessment and management of risks and opportunities relating to the scheme, including risks and opportunities arising from steps taken because of climate change (whether by governments or otherwise).

As a result of previous training activities completed by the Trustee Directors individually and collectively as a board and the other IGG representatives involved in the management of the 2019 Scheme, and taking into account the professional advice available to the Trustee, the Trustee is confident that its Directors have met the legislative requirements for knowledge and understanding and that the combined knowledge and understanding of the board enables the Trustee to achieve its strategic objectives against the 2019 Scheme's annual business plan and to properly exercise its functions as Trustee.

Conclusion

“Overall, the conclusion is that the 2019 Scheme is continuing to deliver value for money to

the members”

The annual production of the Statement provides members with a narrative of how the Trustee looks after members’ interests.

The Board will continue to monitor this and report to members both via the Statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the relevant legal requirements, in the belief that the 2019 Scheme was operated and governed appropriately during the reporting period, and overall provided good value to members.

Signature

Date

Name

Chris Martin

Qualification

Director, Independent Governance Group Limited

Appendix A Projections

Here we include illustrations of the effect of costs and charges on projected member pension pots. The tables show the development of the projected pension pot over time before and after charges (TER plus transaction costs) for members assuming the pension pot is invested fully in the fund shown.

The illustrations shown below are for a representative selection of the funds members may invest in. They were selected to reflect the range of projected returns and charges for the available funds.

SEMA PMF: Default Fund

AEGON BLACKROCK PRE-RETIREMENT: Investment return = 3.00% Charges = 0.15%	AEGON BLACKROCK CASH: Investment return = 1.00% Charges = 0.18%	AEGON BLACKROCK 70/30 GLOBAL GROWTH: Investment return = 5.00% Charges = 0.35%	AEGON BLACKROCK INDEX-LINKED GILT: Investment return = 5.00% Charges = 0.10%
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		Default Fund		
Age	Years to Normal Retirement Age	DC Pension Pot (before charges)	DC Pension Pot (after charges)	Effect of charges
35	25	35,000	35,000	-
40	20	39,482	38,779	703
45	15	44,537	42,966	1,571
50	10	50,240	47,605	2,635
55	5	56,673	52,745	3,928
60	0	60,530	55,663	4,867

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.

Projections continued

SEMA PMF: lowest charge and highest charge funds

Aegon BlackRock Index-Linked Gilt: Investment return = 5.00% Charges = 0.10%	SL Stock Exchange Pension Investment return = 5.00% Charges = 1.03%
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		Lowest Charge Fund			Highest Charge Fund		
		Aegon BlackRock Index-Linked Gilt			SL Stock Exchange Pension		
Age	Years to Normal Retirement Age	<i>DC Pension Pot (before charges)</i>	<i>DC Pension Pot (after charges)</i>	<i>Effect of charges</i>	<i>DC Pension Pot (before charges)</i>	<i>DC Pension Pot (after charges)</i>	<i>Effect of charges</i>
35	25	35,000	35,000	-	35,000	35,000	-
40	20	39,482	39,262	220	39,482	37,569	1,912
45	15	44,537	44,043	494	44,537	40,328	4,210
50	10	50,240	49,406	834	50,240	43,288	6,952
55	5	56,673	55,422	1,251	56,673	46,466	10,207
60	0	63,930	62,170	1,760	63,930	49,877	14,053

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.

Projections continued

APF MPP: Default Fund

AEGON BLACKROCK 60/40 GLOBAL EQUITY IDX TRACKER: Investment return = 5.00% Charges = 0.16%	AEGON BLACKROCK PRE-RETIREMENT: Investment return = 3.00% Charges = 0.15%
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Age	Years to Normal Retirement Age	Default Fund		
		<i>DC Pension Pot (before charges)</i>	<i>DC Pension Pot (after charges)</i>	<i>Effect of charges</i>
40	25	35,000	35,000	-
45	20	39,482	39,121	360
50	15	44,537	43,728	810
55	10	50,240	48,876	1,364
60	5	56,673	54,631	2,042
65	0	60,704	57,970	2,733

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.

Projections continued

APF MPP: lowest charge and highest charge funds

Aegon BlackRock UK Equity Index Tracker: Investment return = 5.00% Charges = 0.14%	Aegon BlackRock UK Growth Investment return = 5.00% Charges = 0.45%
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		Lowest Charge Fund			Highest Charge Fund		
		Aegon BlackRock UK Equity Index Tracker			AEGON BLACKROCK UK GROWTH J		
Age	Years to Normal Retirement Age	<i>DC Pension Pot (before charges)</i>	<i>DC Pension Pot (after charges)</i>	<i>Effect of charges</i>	<i>DC Pension Pot (before charges)</i>	<i>DC Pension Pot (after charges)</i>	<i>Effect of charges</i>
40	25	35,000	35,000	-	35,000	35,000	-
45	20	39,482	39,107	374	39,482	38,558	923
50	15	44,537	43,697	840	44,537	42,478	2,059
55	10	50,240	48,825	1,415	50,240	46,796	3,444
60	5	56,673	54,554	2,119	56,673	51,554	5,119
65	0	63,930	60,957	2,973	63,930	56,795	7,135

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.